

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 IO-13 NEA-10 L-03 H-01 PA-01
PRS-01 AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-07
NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01
OMB-01 NSC-05 SS-15 STR-04 CEA-01 AGRE-00 EUR-12 /116 W
-----140727Z 020117 /14

R 140632Z MAR 77

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 3157

INFO AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: EAID, EFIN, ADB, BM

SUBJ: PROPOSED ADB TECHNICAL ASSISTANCE GRANT TO BURMA
FOR PALM OIL PROJECT

REF: (A) MANILA 3386, (B) 76 RANGOON A-037

1. EMBASSY RANGOON CONCURS WITH USADB RECOMMENDATION FOR FAVORABLE NAC ACTION ON THE SUBJECT PROJECT. BURMESE DOMESTIC PRODUCTION OF EDIBLE OILS IS FAR BELOW DEMAND. NEVERTHELESS, LACK OF FOREIGN EXCHANGE PROMPTED THE GUB TO PROHIBIT ALL EDIBLE OIL IMPORTS BEGINNING IN 1967. THIS SITUATION CAUSED COOKING OIL PRICES TO CLIMB ALMOST BEYOND THE REACH OF THE AVERAGE CONSUMER, AND IN AN ATTEMPT TO COUNTERACT THESE PRICE RISES, THE GUB HAS ON TWO OCCASIONS IMPOSED PRICE CONTROLS ON THE COMMODITY AND LIMITED LEGAL DISTRIBUTION TO OFFICIAL COOPERATIVE CHANNELS. BOTH TIMES THIS ATTEMPT FAILED AS EDIBLE OILS DISAPPEARED FROM LEGAL CHANNELS AND REAPPEARED AT HIGHER PRICES ON THE BLACK MARKET. AS A RESULT, THE GUB HAD TO REMOVE CONTROLS (MOST RECENTLY IN NOVEMBER LAST YEAR) AND RETURN LEGAL DISTRIBUTION TO THE PRIVATE SECTOR.

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2. IN 1976 THE UN WORLD FOOD PROGRAM DONATED 1,345 METRIC TONS OF EDIBLE SOYA BEAN OIL VALUED AT \$1 MILLION TO BURMA. THIS CONTRIBUTION REPRESENTS ALMOST THE TOTAL EXTENT OF BURMA'S DRAWDOWN ON WORLD STOCKS OF EDIBLE OILS IN THE PAST DECADE. ANY INCREASE IN PRODUCTION OF EDIBLE OILS IN BURMA WOULD BE USED TO MEET DOMESTIC DEMAND. HENCE,

IF SUCH AN INCREASE COULD BE ATTAINED THROUGH THIS PROJECT,
IT WOULD HAVE VIRTUALLY NO EFFECT ON THE INTERNATIONAL
MARKET.

3. FURTHER, THE TENASSERIM REGION, THE AREA SELECTED FOR
THE PROJECT DUE TO ITS SUITABILITY FOR OIL PALMS, IS NOT
A MAJOR PRODUCER OF OTHER EDIBLE OILS. THE COMMODITY MUST
BE SHIPPED IN FROM OTHER AREAS OF BURMA. DUE MAINLY TO
HIGH TRANSPORT CHARGES, THE RETAIL PRICE OF COOKING OIL IN
THE AREA IS ROUGHLY ONE-THIRD HIGHER THAN IT IS IN RANGOON.
THUS, IF THE PRODUCT IS REFINED AND SOLD LOCALLY, THE PROJECT
WOULD BE A MAJOR BENEFIT TO THE CONSUMERS OF THAT REGION
IN ADDITION TO INCREASING INCOME AND EMPLOYMENT PROSPECTS.
OSBORN

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 14-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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ISecure: 1
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